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# AHCCCS

## February 12, 2013



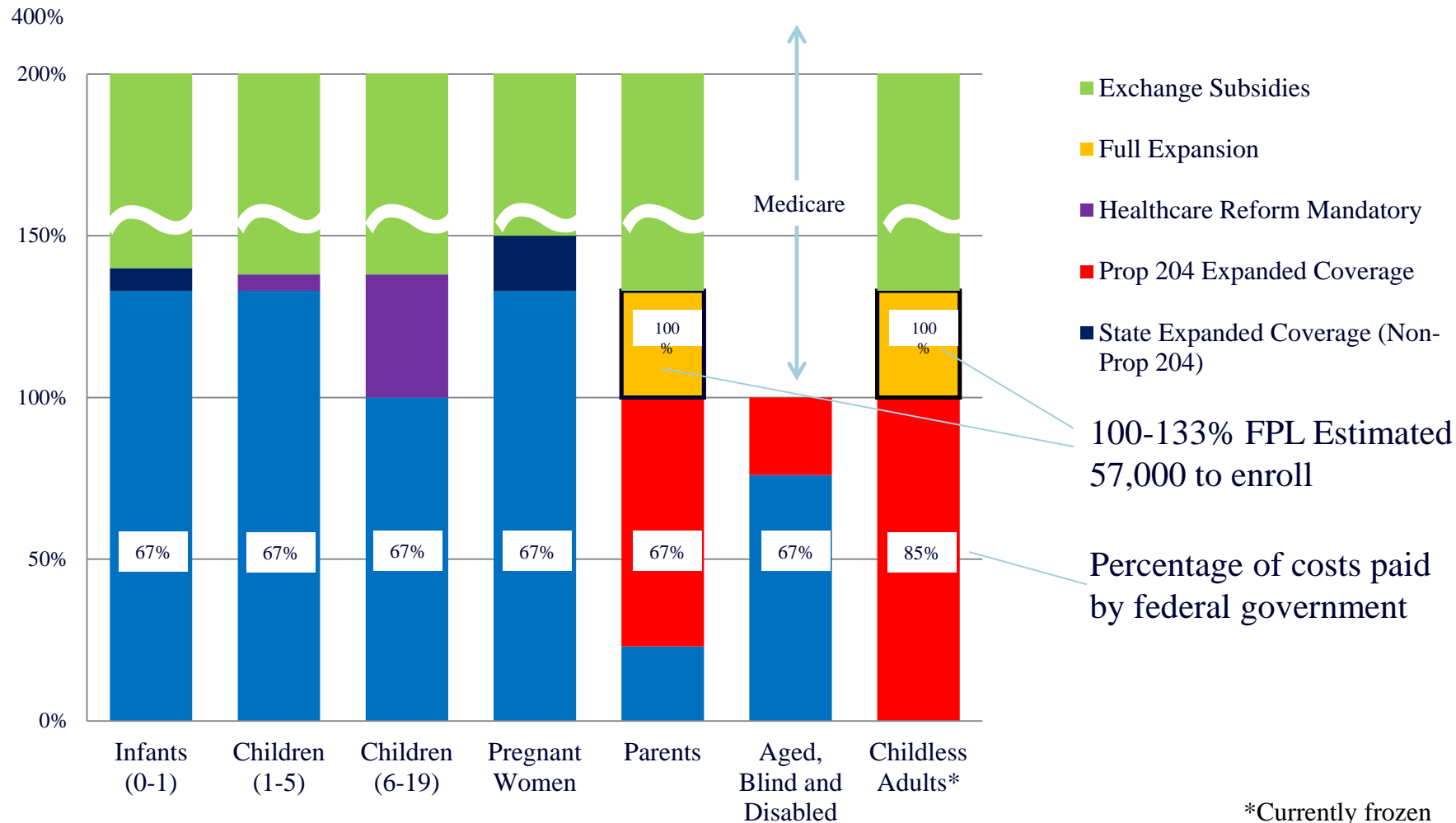
**30 Years of Medicaid Innovation**

*Our first care is your health care*

*Arizona Health Care Cost Containment System*

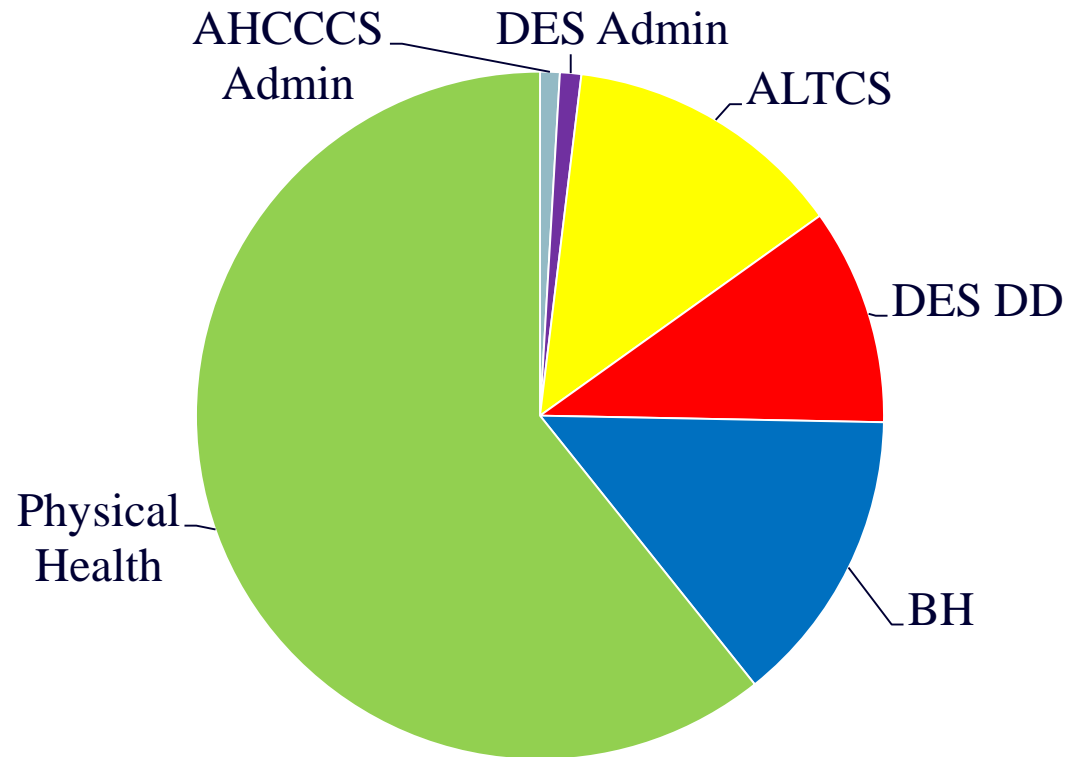
*“Reaching across Arizona to provide comprehensive quality  
health care for those in need”*

# Medicaid and ACA Populations

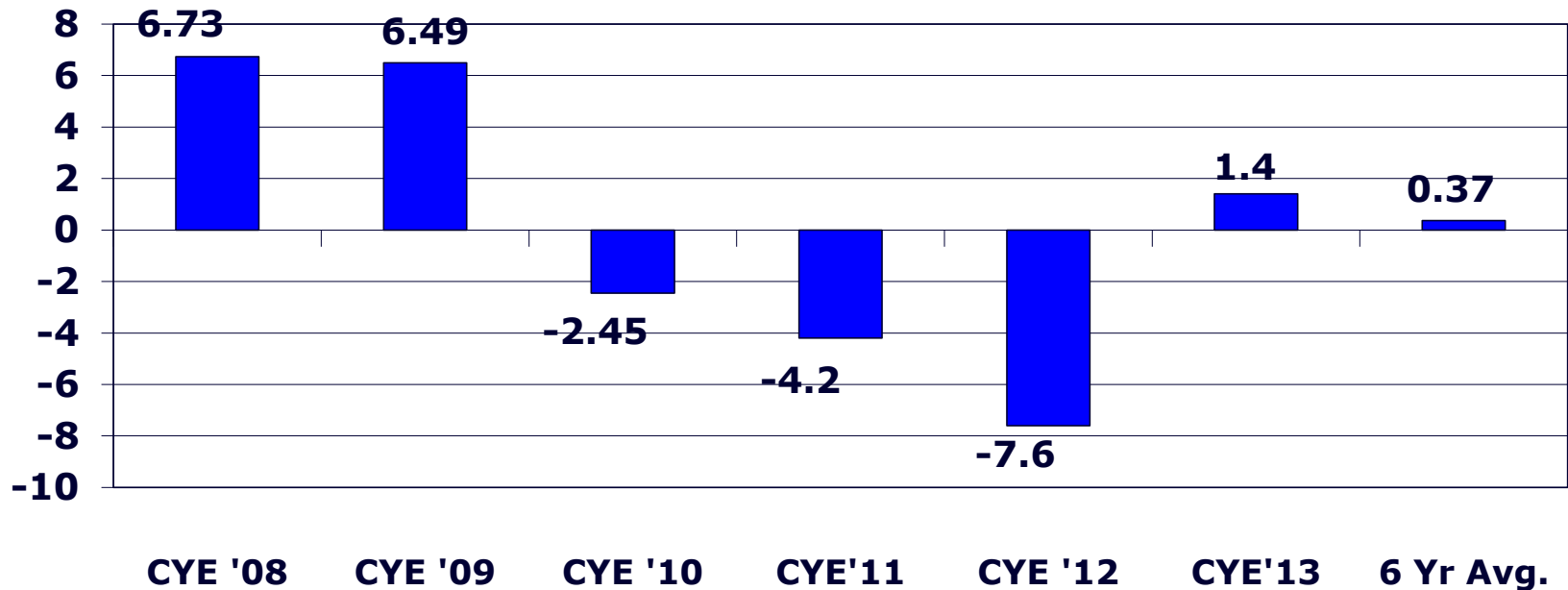


**30 Years of Medicaid Innovation**  
 Our first care is your health care  
 Arizona Health Care Cost Containment System

# FY 2013 Spending



# AHCCCS Capitation Trends



# AHCCCS Coverage

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- ❑ In her State of the State Governor Brewer called for the legislature to restore Proposition 204 coverage and provide coverage up to 133%
- ❑ This would provide coverage for about 300,000 statewide
- ❑ Proposal would provide about \$1.7 billion in federal funds to support healthcare in AZ

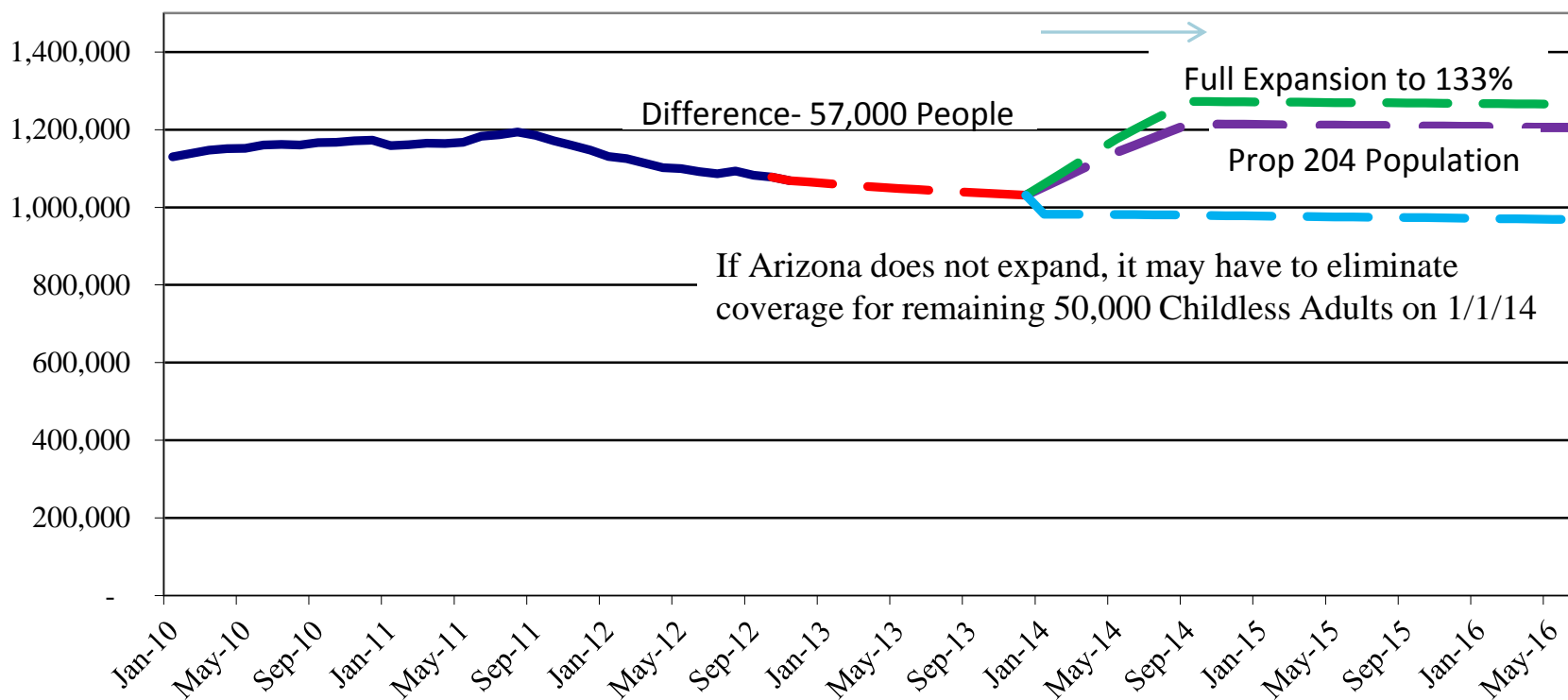


# Childless Adult Expenditure Data

Diagnosis	Members	Cost
Injuries/Trauma	65,095	\$163 m
Heart - circulatory	53,087	\$147 m
Digestive system disease	52,921	\$112 m
Cancer	18,766	\$76 m
Diabetes and kidney disease	28,981	\$49 m
Respiratory Disease	73,047	\$85 m

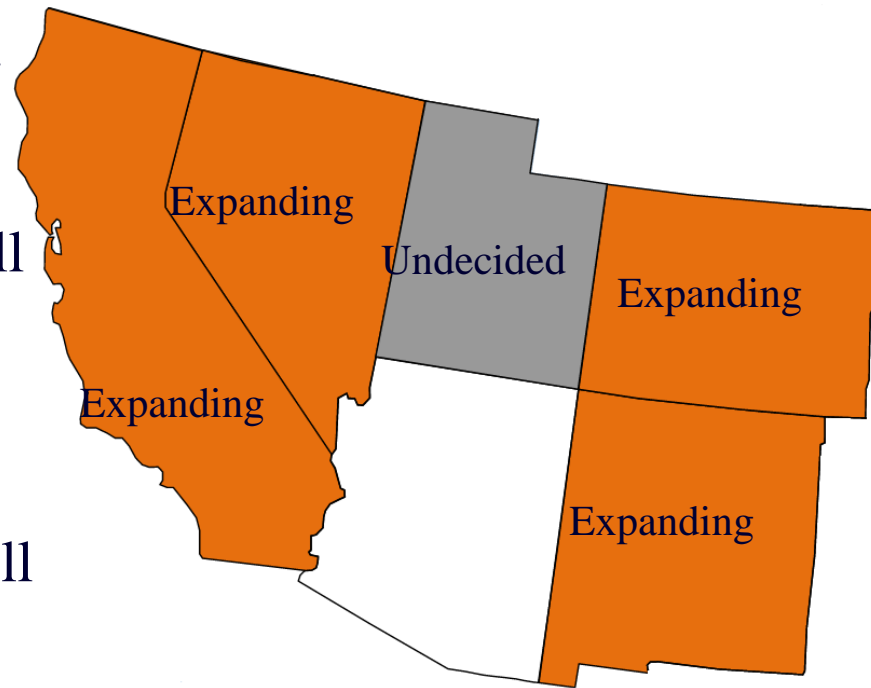


# Relatively Minor Tweak to Populations Already Covered by Arizona Voters



# Expanding will Maintain Arizona's Economic Competitiveness

- ❑ Almost all of Arizona's neighboring states are expanding
- ❑ Not expanding will expose Arizona to uncompensated care costs that will impact the cost and quality of care
- ❑ This cost will hurt Arizona in economic competition with other states
- ❑ Taxes from non-expanding states will fund Medicaid growth in expanding states creating a wealth shift





# Local Medicaid Efforts

Item	Local Match	Federal Match
Safety Net Care Pool Maricopa	\$36.7 million	\$70.2 million
Safety Net Care Pool UMC & PCH	\$77.2 million	\$147.8 million
Phoenix Provider Tax	<u>\$109.0 million</u>	<u>\$208.6 million</u>
Total	\$222.9 million	\$426.6 million

- These efforts end on 12/31/13
- Does not include IHS/638 uncompensated care waiver, estimated to provide an additional \$100 million in payments. Also excludes \$13 million in additional federal trauma and emergency funds.



# Medicaid Expansion Funding Impacts

	FY 2014	FY 2015	FY 2016
State Match Increase	\$27 million	\$154 million	\$105 million
Provider Assessment	(\$82 million)	(\$256 million)	(\$224 million)
Increase in Existing Premium Tax	<u>(\$7 million)</u>	<u>(\$34 million)</u>	<u>(\$36 million)</u>
Net Impact on GF	(\$62 million)	(\$136 million)	(\$155 million)
Federal Match	\$337 million	\$1.556 billion	\$1.712 billion



# Medicaid Coverage Protections

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- ❑ Circuit Breaker – proposal includes requirement that if federal funding decrease below 80% for childless adults coverage terminates
- ❑ Funding Source – Executive proposal includes hospital assessment to cover state costs associated with Prop 204 – Replace City of Phoenix assessment
- ❑ Pursue payment modernization opportunities – update 22 year old inpatient payment system



# AHCCCS Prop 204 Restoration and Medicaid Coverage

- ❑ ***Honor the will of the Voters*** – twice have approved coverage for low income Arizonans – up to 100%
- ❑ ***Keeps Arizona Economically competitive*** – Arizona families and businesses have to support uncompensated care – states that expand Medicaid have competitive advantage
- ❑ ***Protect rural, safety net and healthcare infrastructure*** - AHCCCS is an integrated system and the impact of a continued freeze will be dramatic on the delivery system all Arizonans enjoy
- ❑ ***AHCCCS part of sustainability solution*** – Healthcare financing is a national policy dilemma that requires a federal solution – AHCCCS is nationally recognized system and similar efficiency levels should be achieved elsewhere
- ❑ ***Achieve healthier Arizona*** – New England Journal of Medicine found AHCCCS expansion saved lives and coverage also supports lower costs of care for patients



# AHCCCS is part of the Solution

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- ❑ Conservative managed care principles based on competition and choice
- ❑ “Gold Standard” for managed care
- ❑ Error rates well below national average
- ❑ Quality performance measures above national averages
- ❑ #1 ranking nationally for Medicaid Developmentally Disabled program – United Cerebral Palsy 2012 Report
- ❑ High member satisfaction – less than 3% switch plans
- ❑ Strong Competition to participate in the program
- ❑ One of the highest rates of community placement nationally for those at risk of institutionalization
- ❑ National leader in Integrated delivery system for Dual eligible
- ❑ Very strong provider participation rates



# AHCCCS Program Integrity

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- ❑ Agency created central Office of Inspector General
- ❑ Even with 31% reduction in agency staff, resources dedicated to program integrity have increased – established 22 new positions
- ❑ Signed contract with Data analytics vendor
- ❑ Had 3rd lowest error rate of 17 states in national study
- ❑ Conducted two significant date of death analysis - minimal findings
- ❑ Developed and distributed 3 training modules staff – plans – members and providers
- ❑ Established match process with county jails
- ❑ Match with MVD photos – 1 million images per month
- ❑ Audit of \$3.2 billion in payments – outside vendor - \$2,200 recovered
- ❑ Program Integrity Results – FY 2012
  - Total Convictions – 25
  - Total Recoveries and avoidances - \$960 million
- ❑ 1.1% error rate – State Auditor General

